

PX 646

Message

From: [REDACTED]@ripple.com]
 on behalf of [REDACTED]@ripple.com> [REDACTED]@ripple.com]
Sent: 10/29/2020 3:42:02 PM
To: Brad Garlinghouse [REDACTED]@ripple.com]; [REDACTED]@ripple.com]; Monica Long [REDACTED]@ripple.com]
CC: [REDACTED]@ripple.com]; [REDACTED]@ripple.com]
Subject: November XRP funding proposal

+Monica Long given her RippleX leadership

Hi there,

Please bear with me this month, this is longer than usual, so to allow for proper digestion I'm leading with a short version in case you're in a TL:DR mood, then a sidebar on reserves, then additional detail.

Short version:

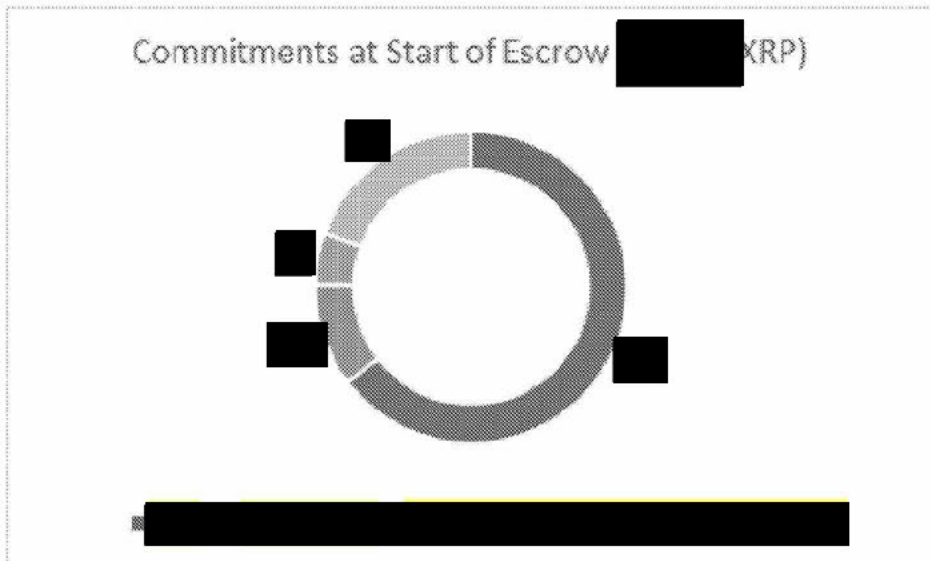
1. Currently we are pretty flush with operational XRP, and based on our forecasts [REDACTED] monthly escrow return is sustainable.
2. Lease volume, [REDACTED] and investments could lead us to need more XRP.
3. We have a LOT of XRP in reserve, which is not in our operational wallets or in escrow
4. **Proposal 1 is to return [REDACTED] to escrow** now and set that as the new normal (rather than the [REDACTED] we've been at recently)
5. **Proposal 2 is to begin using excess reserves** to fund leases, [REDACTED] and investments.

Please approve.

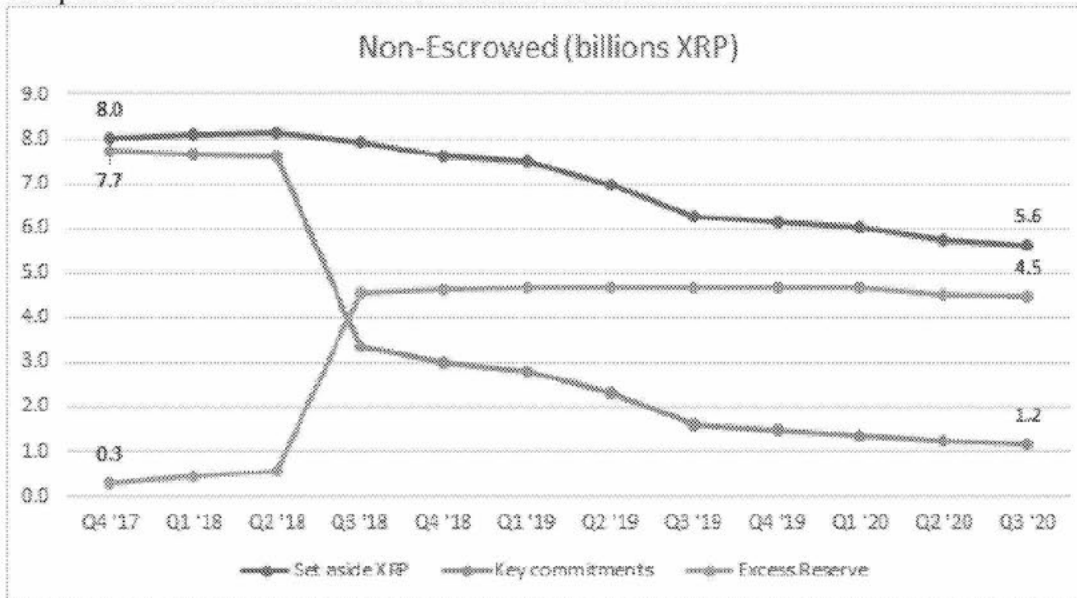
A brief analysis of historical usage and usage forecast is attached.

Reserves Sidebar:

When we setup escrows in December 2017, we took about [REDACTED] and put it aside for some key commitments - which you can see summarized below.



Over the years, these commitments declined substantially, particularly in Q3'18 when we settled [REDACTED] and decided no way we're sending [REDACTED] another [REDACTED]. Here's a visual representation of our key commitments (those parties included in the graph above + Coil) as compared to what XRP we have set aside from escrow.



While we have let the excess reserves ride, given potential corp dev activity, at this time it seems like this excess [REDACTED] is more than necessary.

To preserve flexibility for future deals, I suggest that we start using it for things that are not ACTUALLY new supply (XRP leases) as well as for other key deals and non-routine activity (i.e. [REDACTED] investments).

This approach has the following benefits:

- Allows for stable long term escrow return of [REDACTED]
- Gradually works down our excess reserve balance
- Maintains an excess reserve for us to deploy in corp dev or similar activity.

An alternative approach is to put this XRP into escrow, which could certainly make a splash, but would limit our prospective flexibility to do deals.

More details:

Current State is that we are approaching the month end pretty flush with XRP.

- As noted last time around, we entered the month with a fair amount of operational XRP.
- As we were working through our XRP purchased in Q3 in October, to date we have still not pulled **ANY** XRP from the October 1 escrow release
- We are ending the month with almost [REDACTED] in our operational wallets.

Actual/Forecast usage:

- October was super light due to accelerating payments into September to use up purchased XRP prior to quarter end, along with not funding all expected charitable contributions and loans.
- We expect November to get back to normal range at [REDACTED] including [REDACTED] of XRP leases.

Proposal is to return [REDACTED] to escrows currently:

- Given our sizable balance entering November, I'd be surprised if we aren't to maintain this level of return for at least until we have [REDACTED] making a large purchase at the end of Q4, particularly if we allow for some funding of leases out of our reserves (more on this below)
- Moving to [REDACTED] escrow return reinforces the message we are sending to the market that our purchases are offsetting supply introduction, and coinciding with the Q3 XRP markets report release seems appropriate.

Thanks,

[REDACTED]

Controller | Ripple

[REDACTED]

[REDACTED]@ripple.com | ripple.com



Ripple supply introduction

	MTD										
	01-20	02-20	03-20	04-20	05-20	06-20	07-20	08-20	09-20	10-20	Monthly Average
XRP - O											
XRP Purchase											
Net Sales total											
Coil Development Fund											
Investment											
Xpring and BD total											
MM Lease											
MM Fees											
MGI - Volume incentive											
MGI - Fx rebate											
Incentiva											
Fx rebate											
Adoption marketing											
ODL Lease											
ODL total											
Employee											
Founder											
Other											
Pensions											
Inflow from Not Settled Options											
Other Expense total											
Total											

November Forecast

Notes

1) remains in wallet, no additional funding needed for November

2) 25.2M

3) 3.3M in Net Sales each week.

5) 100k invoice received

None expected

Monthly average

None expected

Monthly average, use remaining purchased XRP in Singapore for Tesla

per Dinuka: 65M, 5M

Average based on newly negotiated contracts in July (October was prepaid)

Typically fund in 10M tranches every 1.5 months

Current balance is adequate. Minimal funding has been required post negotiation in mid-June.

Monthly average

Monthly average

Monthly average

No ODL leases expected

Greater annual bonuses in previous months

No founder activity expected

Monthly average exclusive of ZC bonus and May return

1.2M, 1.2M, 540k

Monthly average

November expected spend